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The Meaning of Labor Representation

THE AGREEMENT IN THE CLOTHING INDUSTRY

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THIS is a time when many experiments in labor representation in industry are being made. I shall try to describe briefly our experiment, and the other experiments that may be presented to you. It is important first, however, to get an idea as to the meaning of these experiments. What is their purpose and why are we experimenting?

LABOR REPRESENTATION IN INDUSTRY

Without going into the arguments that seem to me to justify the conclusion, I think that labor representation in industry is the principle that government derives its just powers from the consent of the governed, working itself out in industry. It began in the church and was followed in the state; and when you lay down a principle like that, that appeals to men and women, it is bound to work itself out in all phases of life. The workman does not often come in contact with municipal laws, state laws or federal laws. But every day he is working under rules and regulations and laws in his industry, and he feels that these laws, if they are to be just, ought to have the consent of the workers, regardless of the fact that the stockholders may have the legal title to the business and the law-making power may have been given by them to certain managers or directors. He feels just as our colonists felt in the days of the American Revolution. The colonies may have been provinces of the king who may have had the legal title

to them, but if he were going to make any laws for the colonists, they were going to have some say in the legislation. The wage earner today feels exactly the same way. "If I've got to come at 7:30 in the morning or 8 o'clock in the morning and work till 12 and then have a half hour or an hour for lunch and then come again, and I have to obey this rule and that rule, I ought to have some say about all of this."

Because the worker feels the factory rules and regulations are laws binding on him, he demands representation in industry. That it is a demand which will have to be met is proved by the fact that not only is organized labor pressing for representation through its method of collective bargaining, but employers and managers of great industries, such as were just described to you, are also seeing that in order to get their laws and orders obeyed they must give the working people representation. Otherwise, the management's laws are not obeyed. The industrial monarch finds he cannot enforce his laws. He either has a strike of a group or else he has a turnover of labor, which is the result of individual strikes of single employees.

These are the reasons for the growth of labor representation plans. When we get this representation, as we are now getting it fast in industry in very many forms through trade unions, through company unions, through the so-called industrial democracy plans, it means that a tremendous revolution in the status of the wage earner is taking

place. It means that a hundred years from now, when the historians will be writing about it, they will describe how the wage earner along about 1920, or thereabouts, passed from the status of a servant, from the master and servant status, to the status of business associate or partner of the employer.

PARTNERSHIP BETWEEN LABOR AND CAPITAL

You have heard a great deal about employers and workmen, capital and labor, being partners in industry. Partnership between labor and capital is coming to mean that the management or the owner of the business must look upon labor as the equal of the management. When we have such a partnership, two equal partners, then one partner cannot do anything without consulting the other partner. That is partnership. Moreover, these industrial representation plans, however imperfect they may be now, all tend to make labor and capital equal and partners in the business.

NEW STATUS OF THE WORKER

Just such a revolution as is going on now, changing the status of the wage earner from that of a servant to a business associate of the employer took place about six hundred years ago in Europe; and the circumstances that marked that revolution are very similar to the conditions that attend the industrial revolution that is going on now. If you will read Thorold Rogers' *Six Centuries of Work and Wages*, you will find him describing the shortage of labor after the great Black Plague and the enormous rise in wages. The cost of labor became unprecedented. Prices rose tremendously, and as he said, 'in modern times we would say these workmen—these serfs—organized into unions to get higher and higher wages. The king issued proclamations against

it; Parliament enacted those proclamations into laws, to keep the wages from rising, to prevent combinations of workmen. But as Thorold Rogers says, the serfs and peasants and the laborers remained masters of the situation. That revolution changed the status of the worker from that of a serf to a wage earner, and the revolution today, despite the same kind of proclamations by the government, despite injunctions trying to make people work, orders and raids of the Department of Justice to scare people into working—will not stop the revolution in the status of the wage earner which economic conditions make necessary. The serf became a wage earner, and today, in spite of injunction or court orders or anything that Congress can do, the wage earner will become an equal business associate in industry with the employer.

Wage earners are refusing to remain a lower class in the community where they are supposed to stay at a certain level of wages and living, with their children not supposed to go to college, and their families supposed to live in the poor district of the city. That is passing and today, as one of them said to me, "It is fine. This overall movement is great. Let the capitalists and the middle classes wear overalls now. We'll wear the good clothes." That tells the change in the situation, and it is not a thing to be overlooked in our understanding of these labor representation plans. We must recognize it in order to know how to adapt industry to this new status of the worker and how to meet his demand for a right to a say in making the laws that he has to obey.

PLAN OF REPRESENTATION IN INDUSTRY

Just as we had many plans and many ways of doing it, when we passed

from a monarchical form of government to a democratic form, just so we are having many experiments today in industry. These plans of representation may be classified into three general groups, depending upon the purpose underlying the plan. In some industries the employers have studied the situation and, being foresighted, have decided that the time has come when the workmen must be given a voice and a vote in industry. Other employers have decided on the same thing because their employees, organized into unions, have forced them to the point. So we have one set of plans, either those brought about by the ordinary trade union or those brought about by employers themselves, where the wage earners have not only a voice in industry but also a vote equal with the management or the owners of the business, so far as labor conditions are concerned. When there is a disagreement; decision is made not by the directors or the president of the company but by an outsider, who may or may not be a representative of the public. Anyway he is an outside arbiter between the two parties.

That is one plan. There are other plans—and most of the so-called shop committee or works council plans are of this character—where the management has decided to give the wage earners a voice in the industry, but not a vote in the industry. This is the kind of plan that the Czar of Russia had when he organized the Duma; the King of England had the same idea about Parliament in its early days, that is to say, you can discuss things, bring your grievances before the management so that the management will be thoroughly informed as to workmen's reaction to its policies; but it is still felt that the management knows better what to do for the industry than the wage earners.

It is recognized that, lacking information, the management might go wrong. So the management says, "All right, we will give you a voice. Tell us all your troubles and then we will be in a position better than you to decide finally." The wage earners are given no vote but merely a voice. They elect representatives—that kind of a vote they do have—but the representatives have nothing to do with determining wages, hours and other conditions of employment.

Then there is a third group of plans—too many, in my opinion—which give the form of democracy but not the essence. In this plan we have elaborate machinery of election, secret ballots and all sorts of arrangements giving the form of democracy, but neither in actually voicing the sentiments of the wage earners nor in any final deciding vote do the plans provide for any real or effective representation of the employees. Very many plans are of this kind. In these, the management thinks that it will make a concession to the prejudice in favor of the democracy that is in the public mind but in reality nothing will be done to meet the demand for democratic government in industry. But the employers will not be successful in providing the mere forms of democracy without the essence that was tried by very many governments when the time came to pass over to democratic government. It was bound to fail because the democratic movement, whether we agree with it or not, whether we like it or not, whether it is efficient or not, works itself out in all phases of life.

Development of Representation Plan

In the development of these representation plans we have heard a great deal about shop committees, works councils and industrial democracy

plans. Many think that the main movement for democracy in industry or representation in industry lies in these company unions, as the wage earners call them. As a matter of fact, in the last four years when this shop committee movement has made such great progress, during those same four years organized labor—plain, ordinary trade unions—has increased its membership; that is to say, they have added to the membership that they had before more wage earners than are included in all the shop committees and works council plans put together. The union's representation in industry idea is summarized by the term "collective bargaining." Its essence provides for collective bargaining between employer and employee, and the point I am trying to make is that the main kind of collective bargaining that we have in this country is that which goes on between trade unions and employers. Very many more shops are organized as trade union shops than there are shops having committee plans. That does not mean that there may not be value in the shop committees or works councils, but we should not overlook the fact that when we speak of collective bargaining and representation in industry, the typical form and the form that is making more progress than any other is that which is provided by a so-called outside trade union dealing with the employer.

COLLECTIVE BARGAINING IN CLOTHING INDUSTRY

In the clothing industry we have that kind of an arrangement. There the employees have organized themselves in practically every market where clothing is made. They have a union, and they have said to the employer, "We are not your equal in talking with you individually. You

know all about markets. You know all about business. You have lawyers. You have employment experts and time-study men. We have none of those people but we have organized a union and we can get the same kind of experts now, and we want our experts to deal with your experts and then we will deal on equal terms and get somewhere." So the employers and the union have entered into an agreement, laying down the general terms and conditions under which working people will work in this industry. Just the same as in the first setting up of parliaments the burghers from the city said, "We will lay down certain conditions under which we will pay taxes to this government;" and as those conditions became the basis of democratic government, so the conditions agreed upon between employers and the union, written out in an agreement, provide the constitution for the industry.

Constitutional government is established through this agreement. Then this agreement provides that the experts from each side—labor managers for the employers (each large factory having a labor manager and the smaller ones grouping together and jointly hiring a labor manager) shall meet together with business agents or business managers or walking delegates or deputies from the union, who are the workmen's experts, and they meet in a board which they call the labor adjustment board. That labor adjustment board meets from week to week and modifies the agreement, or rather explains the agreement, enlarges it to fit the conditions from day to day. That is the statutory body, that is the legislature that makes the law for the industry. When they cannot agree they take their question of disagreement before the man who is the chairman of this particular board, and he sits alone as a court and decides the case, not accord-

ing to any ideas of justice of his own that he may have in his mind, but according to the law laid down in the agreement and the law laid down in the weekly meetings of the labor adjustment board. If you do not have a body of law to guide an arbitrator you cannot have law and government in industry. You have only one man's opinion, and my opinion may be all right from my point of view but it would not represent the feeling of the industry as a whole. This agreement and this labor adjustment board that makes supplementary agreements from week to week build up a body of law which guides the judge or the arbitrator, and his decisions interpreting this law and applying it to particular cases establishes a body of common law, a body of principles which the employers and the wage earners themselves may see are the principles which govern the industry, and through their knowledge of those principles they can settle their own difficulties and do not need to come constantly to a referee to decide disputes for them.

IMPORTANCE OF OWNERSHIP IN INDUSTRY

That is the outline of the plan in the clothing industry, and it exists in all of the larger markets. The effect of it is to develop in the wage earners a sense of ownership in the industry. Some people think that is very dangerous indeed; that it is bolshevism and syndicalism and everything else that is dangerous. However, our theory of private property is that no man will have the interest in turning out work under any other arrangement except when he has some sense of ownership in the business. When you have an establishment worth ten million dollars, how are you going to get the five-dollar-a-day workman

to feel a sense of ownership in that industry? It is only through an ownership that he feels from day to day, in deciding questions that affect his job, not an ownership of one or two shares of stock, but a real stake in the industry. The union gives him this.

This arrangement eliminates that kind of an organizer of a trade union whose capital is fighting. As long as the employers fight unions, then the union leader who survives is the man who can fight the employer, and that is the kind of a man who should survive. But the moment the employer says, "Now we want to strengthen your union so that you can assume responsibility over your workmen and meet the conditions of these obligations that you have assumed," then a new type of business agent has to develop. He has to get results for his working people through business methods and through the agreement. When he talks very loudly and very radically and does not get results, it is not very long before he is discharged and a fellow is put in that does not talk quite so much, but who knows how to negotiate with the employer and get what the employees are entitled to. Those things have actually happened under this arrangement.

Another thing that has happened is a change in the attitude of the employers. Some of them have felt that the old method of war in dealing with these questions has not paid. They won their strikes every time; that is, they whipped the union every time, but in the end the employers lost nevertheless and they found that by really taking the employees into partnership on labor matters, they have been able to maintain peace in the industry and settle all their disputes amicably.